

DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General

FEMA's Sheltering and Transitional Housing Activities After Hurricane Katrina





**Homeland
Security**

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Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the Homeland Security Act of 2002 (*Public Law 107-296*) by amendment to the Inspector General Act of 1978. This is one of a series of audits, inspections, and special reports prepared as part of our oversight responsibilities to promote economy, effectiveness, and efficiency within the department.

This report addresses the Federal Emergency Management Agency's (FEMA) performance in fulfilling its mission to provide housing assistance to victims and evacuees of Hurricanes Katrina, Rita, and Wilma. We examined various regulations, policies, procedures, plans, and guidelines, and assessed whether resources were sufficient to address FEMA's management responsibilities with respect to providing housing assistance.

The recommendations herein have been developed to the best knowledge available to our office and have been discussed in draft with those responsible for implementation. It is our hope that this report will result in a more effective, efficient, and economical housing program. We express our appreciation to all who contributed to the preparation of this report.

A handwritten signature in black ink that reads "Richard L. Skinner".

Richard L. Skinner
Inspector General

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Abbreviations	
COTR	Contracting Officer's Technical Representative
DHS	U.S. Department of Homeland Security
ESF	Emergency Support Function
FAR	Federal Acquisition Regulation
FEMA	Federal Emergency Management Agency
GAO	Government Accountability Office
HAC	Housing Area Command
HUD	U.S. Department of Housing and Urban Development
IA	Individual Assistance
IHP	Individuals and Households Program
JFO	Joint Field Office
NDHS	National Disaster Housing Strategy
NRF	National Response Framework
OIG	Office of Inspector General
Stafford Act	Robert T. Stafford Disaster Relief and Emergency Assistance Act

Executive Summary

The Federal Emergency Management Agency (FEMA) received widespread criticism for its response and recovery efforts to Hurricane Katrina, including criticism that focused on FEMA's ability to transition housing assistance from emergency shelters to more permanent forms of temporary housing. This review focused on FEMA's activities in providing housing assistance to victims in Louisiana, Mississippi, Texas, Florida, and Alabama, and on FEMA's overall management of the housing program. We also considered potential alternatives to fulfilling FEMA's housing mission. The conclusions we reached during this review are based on the objectives, scope, and methodology detailed in Appendix A of this report.

Better planning for catastrophic disasters may have allowed FEMA to effectively respond to the housing needs of hurricanes Katrina, Rita, and Wilma victims. Before Hurricane Katrina, FEMA did not have plans that clearly defined roles, responsibilities, and processes to address housing needs. After Hurricane Katrina, FEMA did not (1) coordinate housing needs among state and local governments; (2) provide adequate contract management and monitoring; or (3) provide oversight of contractors' performance.

This review identified a number of alternatives that may be viable solutions to remedy the housing problems resulting from catastrophic events such as Hurricane Katrina. These solutions include (1) having the states or the U.S. Department of Housing and Urban Development (HUD) assume more responsibility, and (2) having FEMA use more permanent types of housing or make lump sum payments to victims in lieu of providing emergency housing such as travel trailers and mobile homes.

We are making 13 recommendations to the Administrator, Federal Emergency Management Agency. We also are offering suggestions that Congress may wish to consider. Collectively, FEMA should develop plans that define roles, responsibilities, and processes to address housing needs resulting from catastrophic disaster events. Also, FEMA should develop an acquisition strategy that will provide the housing assets, supplies, and services needed to meet the short- and long-term needs of disaster victims.

Background

Devastation from Three Hurricanes

The 2005 Atlantic hurricane season was the most active season on record producing 15 hurricanes, 4 of which hit the United States. Most notable of these storms was Hurricane Katrina, one of the strongest storms to strike the coast of the United States during the past 100 years. Figure 1 shows the path of the three hurricanes.

Figure 1. Path of Hurricanes Rita, Katrina, and Wilma



Source: NOAA

On August 29, 2005, Hurricane Katrina made landfall along the Gulf Coast as a strong Category 3 hurricane¹ with sustained winds of 125 miles per hour and storm surges of up to 27 feet. It caused catastrophic devastation in Alabama, Mississippi, and Louisiana, with some areas losing all or large portions of critical infrastructure. Even after the storm passed, the destruction continued when the levees and floodwalls surrounding the City of New Orleans were breached in several places resulting in approximately 80% of the city being submerged, in some places by as much as 20 feet of water. In total, the storm destroyed an estimated 300,000 homes, displaced approximately 700,000 individuals, and resulted in the deaths of more than 1,300 individuals. Within 2 months of Hurricane Katrina making landfall, hurricanes Rita and Wilma

¹ The Saffir-Simpson Hurricane Scale is a 1-5 rating based on the hurricane's current intensity and is used to give an estimate of the potential property damage and flooding expected along the coast from a hurricane landfall.

struck land areas in Texas, Louisiana, and Florida, placing additional pressures on FEMA's already thinly stretched capabilities.

FEMA initiated Section 403 (Essential Assistance 42 USC § 5170b) of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act* (Stafford Act), Public Law 93-288, as amended, providing Public Assistance Program funding to states for meeting immediate but temporary sheltering (churches, schools, non-essential government buildings) needs for individuals who evacuated from their homes. Public Assistance funding expanded further to include hotels, motels, and apartments (transitional housing) since the storms' devastation prevented individuals from returning to their homes after the storm had passed.

FEMA also initiated its Direct Housing Assistance Program under the authority of Section 408 of the Stafford Act. Under the program and after all other temporary housing sources in the area have been exhausted, FEMA can procure and install manufactured housing units (travel trailers, mobile homes, and other types of prefabricated housing) on private sites, commercial parks, or other temporary sites developed by FEMA. To qualify for placement, applicants must have lived in the affected area at the time the disaster occurred, and been displaced from their primary dwelling as a result of the disaster.

As of August 2006, FEMA had procured 143,699 travel trailers and mobile homes, and 1,755 modular homes. Due to purchases from prior seasons, FEMA had approximately 203,000 travel trailers and mobile homes in its inventory. Responding to housing needs in affected states, FEMA issued a mission assignment² to the U.S. Army Corps of Engineers requesting it to:

- Provide coordination, planning and technical support;
- Conduct site inspections and design or develop group sites to include the installation of utilities;
- Contract for the hauling, installing, and recovering of mobile homes, travel trailers, and other readily fabricated dwellings;
- Perform associated environmental assessments;
- Manage staging area operations; and
- Perform site restoration.

² A mission assignment is a work order issued by FEMA to another federal agency directing completion of a specific task in support of the state or the overall federal response and recovery operation.

Appendix B to this report describes key events and decisions regarding hurricanes Katrina, Rita, and Wilma (Gulf Coast hurricanes) from August 25, 2005 through December 12, 2006.

Results of Review

Better planning may have allowed FEMA to respond more effectively to the housing needs of the victims of the Gulf Coast hurricanes that struck in August and September 2005. Prior to the 2005 hurricane season, FEMA did not have plans that clearly defined roles, responsibilities, and processes to address catastrophic disaster housing needs. After Hurricane Katrina, FEMA did not (1) coordinate housing needs among state and local governments; or (2) provide adequate contract management, monitoring, and oversight of contractors' performance.

Planning for Sheltering and Transitional Housing

When Hurricane Katrina struck, FEMA did not have a plan and was not fully prepared to provide sheltering or transitional housing to victims of a catastrophic disaster. FEMA began assisting states in catastrophic disaster planning in 1998, but could not follow through due to a lack of funding. Further, the National Response Plan had been developed just prior to Hurricane Katrina, but it had not been implemented or tested and did not address catastrophic disaster housing plans at the state and local level.

FEMA's Lack of a Catastrophic Disaster Housing Plan

After Hurricane Georges in 1998, Louisiana realized that more planning was needed to prepare for the consequences of a major hurricane striking the state. In 1999, the state's Office of Emergency Preparedness requested FEMA's assistance in developing such a plan. After its second request in August 2001, the state entered into a contract to assist it in the planning process. However, planning was interrupted by disasters, and attempts to revive the process were unsuccessful due to funding shortfalls.

In July 2004, an exercise scenario named "Hurricane Pam" was conducted. It involved over 350 participants from more than 15 federal agencies; 30 Louisiana state agencies and 13 parishes; FEMA headquarters; FEMA Regions I, II, IV, and VI; the Louisiana Office of Homeland Security and Emergency Preparedness; Mississippi and Arkansas; and numerous voluntary agencies. Follow-up sessions were delayed after the initial exercise due to funding shortfalls, and a catastrophic disaster housing plan was never completed. The Government Accountability Office (GAO) reported that requests from FEMA for \$100 million for catastrophic planning and an additional \$20 million for catastrophic disaster housing planning in fiscal

years 2004 and 2005, respectively, were denied by the Department of Homeland Security (DHS).³

The National Response Plan was issued in December 2004 to align federal coordination structures, capabilities, and resources into a unified, all discipline, and all-hazards approach to domestic incident management. The purpose of the plan was to tie together incident management to include the prevention of, preparedness for, response to, and recovery from terrorism, major natural disasters, and other major emergencies. While the plan provided basic guidelines, a clear understanding of roles and responsibilities was not apparent after Hurricane Katrina struck because the plan had not been tested and standard operating procedures had not been developed.

Further, the plan did not contain a housing annex addressing sheltering and transitional housing needs that occur after a catastrophic event. The lack of a fully developed and exercised plan led to many management shortfalls and inefficiencies in responding to the housing needs of the victims of the Gulf Coast hurricanes.

The Effect of Not Having a Plan

In the absence of catastrophic disaster housing plans and in anticipation of Hurricane Katrina making landfall, FEMA established a Housing Area Command (HAC) in Baton Rouge, Louisiana on August 28, 2005. The HAC concept was developed in the spring 2005 to respond to large-scale disasters where housing needs became overwhelming and involved multiple states.

The HAC was ineffective in fulfilling its mission primarily because of the need for more planning, communication, and coordination between the HAC, FEMA headquarters, and the Joint Field Offices (JFOs). While this concept was new and untested, FEMA envisioned that the HAC would plan housing strategies and find ways to meet the immediate housing needs of disaster victims in Louisiana, Mississippi, and Alabama. FEMA recognized that a catastrophic disaster would necessitate unconventional approaches to meeting housing needs. The concept called for the HAC to use contractors to coordinate and oversee the implementation of housing solutions to satisfy these needs.

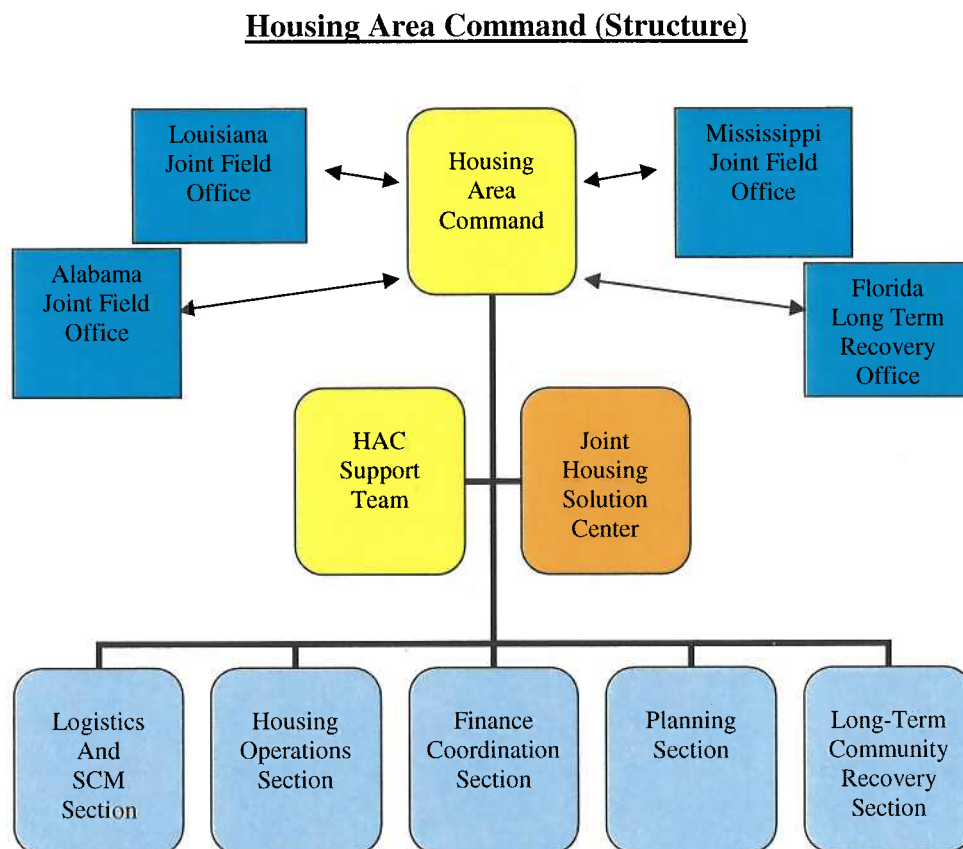
The HAC did not have clearly defined roles, responsibilities, and expectations of deliverables or established performance measures for contractors. Many problems ensued because some FEMA officials viewed the HAC as an

³ *Hurricanes Katrina and Rita: Unprecedented Challenges Exposed the Individuals and Households Program to Fraud and Abuse; Actions Needed to Reduce Such Problems in the Future*, GAO-06-1013, dated September 2006.

operational element working parallel to JFO operations, while others viewed it as working in disregard to JFO operations.

The organization structure depicted below in Figure 2 envisioned that the HAC, working with the Joint Housing Solutions Center,⁴ would identify and coordinate housing resources and that housing operations would remain the responsibility of the JFOs.

Figure 2. Organization Structure of Housing Area Command



Source: FEMA: *Closer to Home-Housing Strategy Solutions in Response to Hurricane Katrina*, September 12, 2005

In concept and according to a FEMA policy document, the HAC was to identify resources and develop a plan for where and what type of housing was needed. The JFOs would implement the plan by developing emergency, group, and commercial sites; hauling and installing mobile homes and travel trailers; and constructing modular homes. However, the HAC retained operational control of housing decisions and operations. Because there was

⁴ The Joint Housing Solutions Center, co-chaired by FEMA and HUD, worked with other federal agencies, volunteer groups, and private companies, and developed housing options and identified housing resources.

no clear understanding of the roles and responsibilities between the HAC and the JFOs, the chain of command remained unclear and both entities made decisions on housing strategies resulting in duplication of effort. For example, as we noted in a previous report,⁵ the HAC identified a need for a 1,400-unit group site in Alabama even though the JFO had not requested this site because other housing alternatives had been identified.

The HAC and its contractors directed most efforts in identifying large, group travel trailer sites requiring considerable preparation before trailers could be placed on those sites. Some FEMA officials believed that the HAC should have spent more time identifying smaller sites or single sites where utility hook-ups already existed and that experienced FEMA personnel should have been working with the HAC's "strike teams"⁶ that included contract personnel who had little or no FEMA experience. At the same time, the JFOs were performing housing functions and operations because they believed housing needs were unique to each state and the HAC was not in a position to make effective decisions without understanding these specific and unique needs. As indicated, there was little coordination and communication between FEMA headquarters, the JFOs, and the HAC. While HAC officials said that disaster circumstances required them to make decisions independently, the lack of a clear chain of command and assigned roles and responsibilities contributed to the ineffectiveness of the housing strategy and its actual implementation.

As a result of the lack of coordination and communication among those within FEMA making housing decisions, FEMA deactivated the HAC in October 2005. The Housing Management Group was established shortly thereafter to serve as an interagency, intergovernmental organization to facilitate all related disaster-housing concerns. The Housing Management Group was organizationally placed within the Individual Assistance Branch of the Operations Section at the JFO, and FEMA officials agreed they were necessary and effective.

The lack of a unified federal, state, and local catastrophic disaster housing plan and associated exercises, along with an ineffective HAC concept, contributed to many of the planning shortfalls in meeting disaster victims' housing needs. FEMA is currently developing a National Disaster Housing Strategy (NDHS), as mandated in the Post Katrina Emergency Management Reform Act of 2006, to address many of the disaster housing shortfalls identified in the aftermath of Hurricane Katrina.

⁵ *A Performance Review of FEMA's Disaster Management Activities in Response to Hurricane Katrina*, OIG-06-32, dated March 2006.

⁶ A strike team is an inter-agency, multi-disciplinary team of engineers, planners, data analysts and building code / regulatory specialists who work closely with local government to deliver housing solutions. The teams also include representatives from federal agencies such as HUD, SBA, USDA, and the U.S. Army Corps of Engineers as well as state and local representatives as appropriate.

Recommendations

We recommend that the Administrator, Federal Emergency Management Agency:

Recommendation #1: Expedite the completion of the National Disaster Housing Strategy and develop, implement, test, and exercise a housing plan for meeting the needs of individuals displaced by catastrophic disasters.

Recommendation #2: Develop a command and control structure over housing decisions that clearly defines all roles and responsibilities and identifies the chain of command needed to ensure timely decision-making.

Communicating and Coordinating with State and Local Governments and Other Organizations

Better communication and coordination by FEMA with state and local governments, other agencies, and volunteer organizations regarding the eligibility criteria for housing assistance may have (1) eliminated the need to provide essential, but temporary housing assistance for extended periods of time, and (2) resulted in identifying ineligible applicants who were housed for extended periods of time. In addition, coordination with these governments, other federal agencies, and volunteer organizations could result in improved methods for identification of disaster victims and avoid duplication of benefits.

Communication with State and Local Governments

Meeting the immediate and longer-term housing needs of individuals impacted by the Gulf Coast hurricanes required an unprecedented “national” response and extensive communication with state and local governments. In the past, the American Red Cross and other volunteer organizations met the immediate sheltering needs of those requiring assistance as a result of a major disaster declaration. FEMA assisted those individuals requiring additional longer-term housing assistance. However, hurricanes Katrina and Rita destroyed or made uninhabitable thousands of properties, made it impossible for the victims to return to their homes, and created additional sheltering requirements beyond what has ever been experienced in the past. Better communication between FEMA and state and local governments regarding how to best meet and pay for short- and longer-term housing would have made it easier for disaster victims to transition from short-term essential housing assistance to longer-term assistance.

Public Assistance Program funding for meeting immediate but temporary sheltering needs (hotels, motels, and apartments) is provided to the states

under the authority of Section 403 of the Stafford Act (Essential Assistance). Longer-term assistance is authorized under Section 408 of the Stafford Act (Federal Assistance to Individuals and Households 42 USC § 5174) with payments made by FEMA going directly to individuals or landlords, generally for a period of up to 18 months.

To provide a more permanent type of housing to disaster victims in hotels and motels, several states rented apartments under their Section 403 authority. However, when it became apparent that longer-term housing solutions were needed and the states were using Section 403 assistance to meet these longer-term needs, FEMA issued disaster specific guidance for hurricanes Katrina and Rita on November 14, 2005. This guidance established FEMA, state, and local procedures for transitioning victims from Section 403 to Section 408 assistance. Working with states and local governments, FEMA attempted to contact evacuees, outline their responsibilities and options, and register those applicants who had not yet registered for Section 408 assistance. While FEMA hoped to have this process completed by December 1, 2005, it had not received enough information from the states to identify all individuals receiving state assistance under Section 403, and in January 2006, FEMA again requested the states to provide data in a specified format.

Data received from the states were not always transmitted in the required format or were missing critical data required to accomplish the applicant transition to Section 408 assistance. FEMA's review of data submitted by the states as of February 2006 showed the following:

- 63% of apartment leases had no end date,
- 28% did not include the phone number of the landlord,
- 16% did not include the landlord's name,
- 49% did not have a street address for the rental property, and
- 4% had no information as to how to contact the landlord.

Additional disaster specific guidance was issued on March 26, 2006. The guidance contained significantly more detailed requirements for the transition of applicants still being housed and funded under Section 403 assistance.

Some transition delays, such as legal actions or applicants' refusals to vacate, were out of FEMA's control. However, the need for clear guidance, and timely coordination and communication between FEMA and state and local officials resulted in the extended use of Section 403 funding and in possible housing of ineligible applicants for extended periods of time.

Coordination with Other Agencies

Beyond coordinating and communicating with state and local governments, working with other organizations and agencies could help expedite the process of validating disaster victims as legitimate evacuees and potentially avoid duplication of benefits. For example, other organizations and agencies include the American Red Cross, HUD, and staff in FEMA's Public Assistance and Individual Assistance Programs.

Since there was no single system that tracked individuals receiving housing assistance from FEMA and other organizations and agencies, state officials said that authorization codes that validated the evacuees' eligibility could have been assigned prior to providing the evacuees temporary housing. According to FEMA, an authorization code would be provided at the time of registration to eligible applicants to be used to obtain an Individuals and Households Program (IHP) subsidized hotel/motel room for up to 7 calendar days. This period of assistance can be extended if necessary. Assigning these codes would allow FEMA to identify evacuees eligible for Section 408 assistance, and provide a more reliable basis in which hotels and motels can validate that only eligible applicants receive IHP-subsidized rooms to prevent duplication of benefits.

At the time of our review, FEMA was formulating a recovery strategy that, among other things, calls for a unique authorization code to be assigned to applicants to validate their eligibility for transitional sheltering. FEMA plans to assign authorization codes only for individuals/households that have registered for FEMA assistance and have been verified through FEMA's identity verification process.

Recommendations

We recommend that the Administrator, Federal Emergency Management Agency:

Recommendation #3: Develop policies, procedures, and guidelines that address roles and responsibilities of FEMA and state and local governments articulating how housing needs of victims will be met in catastrophic events.

Recommendation #4: Finalize and implement its strategy for developing a system that authorizes eligible applicants to obtain an IHP-subsidized hotel/motel room for temporary sheltering.

Planning, Managing, and Monitoring Acquisitions

FEMA needs to improve how it plans, manages, and monitors disaster housing acquisitions. Specifically, FEMA needs to (1) develop a formal acquisition planning process, including standby contracts, to meet transitional housing needs after catastrophic disasters; (2) base contract awards, to the extent possible, on full and open competition to assure reasonable prices; and (3) provide the resources necessary to monitor contractor performance.

Pre-Disaster Acquisition Planning

FEMA did not have a formal acquisition planning strategy for the majority of transitional housing contracts awarded after Hurricane Katrina. While the Federal Acquisition Regulation (FAR) requires agencies to perform acquisition planning and conduct market research to the maximum extent practicable, the Homeland Security Acquisition Manual and the FAR do not require formal plans for emergency acquisitions.⁷ However, FEMA's core mission is to respond to emergencies, and on a recurring basis, procure emergency supplies and equipment such as transitional housing units. Therefore, acquisition planning represents a sound business practice FEMA should follow for these types of procurements. The unpredictable nature of emergency operations could limit FEMA's ability to select specific sources in advance of a disaster. However, advance planning could:

- Lay out source selection procedures for each type of procurement;
- Identify prospective sources of supplies or services, including sources identifiable through government-wide and industry association databases using market survey approaches;
- Establish communication systems and processes and publicize them so that prospective sources know how to contact FEMA procurement personnel;
- Delineate how competition will be sought, promoted, and sustained during and after emergency operations;
- Describe how Stafford Act requirements for preferences of firms affected by the disaster will be met;

⁷ Emergency acquisitions occur when the need for the supplies or services is of such an unusual and compelling urgency that the government would be seriously injured if the supplies or services were not immediately acquired.

-
- Establish within DHS an assessment process to monitor planning efforts for disaster-related procurement needs; and
 - Provide adequate funding devoted to acquisition oversight in order to help prevent fraud, waste, and abuse in disaster contracts.

At the time of our review, FEMA had no apparent source selection process in place or standard templates with contract specifications for transitional housing acquisitions, even though these products were procured on a regular basis. For example, while some large contracts were awarded to well-established leaders in the industry, other large contracts were awarded to firms with little or no housing experience.

FEMA purchased over 27,000 travel trailers “off the lot” from 300 local firms in its effort to provide temporary housing to victims quickly. While in this case the immediate need for housing overshadowed the need for detailed planning, FEMA either did not identify minimum government specifications or requirements for “off the lot” purchases, or did not clearly state the government's minimum needs. For example, a number of procurements did not identify minimum government requirements other than the vendor providing travel trailer vehicle identification numbers. In other purchases, the only specifications listed were, “Must have furniture, AC/Heat and Microwaves (basic amenities only)” and “No toy haulers, 5th wheels or pop ups.” With no government specifications or specifications that were too broad, vendors could provide trailers that may or may not meet the minimum needs of evacuees occupying those travel trailers, e.g., units with or without bathroom, beds, dinettes, refrigeration, electrical outlets, water heaters, ranges, etc.

In addition to travel trailers, FEMA purchased 24,967 mobile homes at a cost of \$852 million and 1,755 modular homes at a cost of \$52.4 million in response to the transitional housing needs of evacuees. FEMA had no plans for how the homes would be used before they were purchased. Due to the large number of homes purchased and the need to prepare sites before distributing the homes, FEMA issued a mission assignment to the United States Forest Service to assist with setting up four emergency housing storage sites in Hope, Arkansas; Red River Army Depot in Texarkana, Texas; Purvis, Mississippi; and Baton Rouge, Louisiana. As of July 2006, there were approximately 12,870 mobile homes and 600 modular homes staged at emergency housing sites waiting to be used, refurbished, or sold.

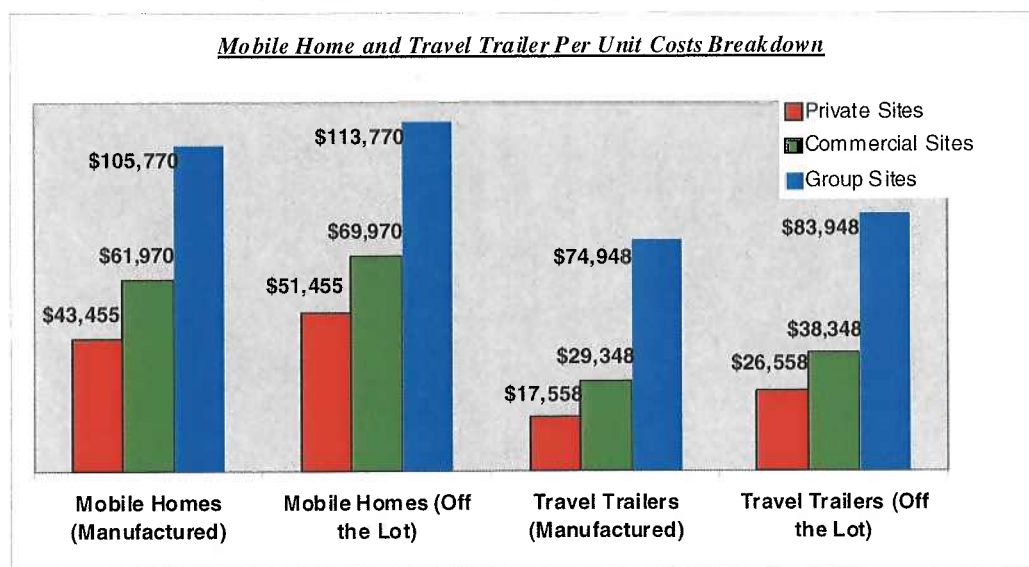
Travel trailers, mobile homes, and modular homes were purchased that were not needed or used. As part of its future planning process, FEMA needs to consider acquisition strategies that (1) meet emergent transitional housing

needs, (2) result in obtaining housing units that can be stored for extended periods if not in use, and (3) consider where to store unused housing units.

We previously reported that modular homes deteriorated because they were not designed to be stored for long periods. We recommended that FEMA develop written policies and procedures that address modular home acquisition planning to ensure that units acquired are designed to be stored and that adequate storage locations have been identified in advance of a disaster.⁸ Similar planning for all types of transitional housing is needed to ensure that emergency and transitional needs are met while at the same time considering the costs to develop or acquire housing sites, and providing sites to store returned or unused units.

Table 1 shows per unit costs developed by FEMA to deploy mobile homes and travel trailers to private, commercial, and group sites. The costs reflect an 18-month period of time and include the cost of the unit, hauling and installing fees, pad leasing fees for units in commercial sites, and the cost for developing sites when the unit is placed in a group site. This information is a good step in making strategic decisions in future disasters.

Table 1. Mobile Home and Travel Trailer Per Unit Costs Breakdown



Source: FEMA

⁸ Management Advisory Report on the Condition, Losses, and Possible Uses of FEMA Modular Housing, OIG-07-03, dated October 18, 2006.

Competition in Contracts and Price Reasonableness

In the aftermath of Hurricane Katrina, FEMA did not compete many of its contracts under full and open competition and did not adequately document its rationale for sole source selections. This created the appearance of bias or favoritism. As a result, FEMA had limited assurance that the prices it paid for goods and services were reasonable.

After a major disaster, government agencies can award contracts under expedited contracting methods as authorized by FAR. In response to Hurricane Katrina, DHS/FEMA awarded approximately 3,400 contracts worth approximately \$5.3 billion to provide a timely response to victims' needs. More than 1,000 of the contracts were valued in excess of \$500,000, but less than half were awarded under full and open competition. We are currently reviewing the terms and conditions of several contracts over \$500,000 and other Offices of Inspector General (OIGs) are doing the same. In addition, we are conducting reviews of invoices, focusing on high-risk contracts.

Shortly after Hurricane Katrina struck, FEMA awarded four major Individual Assistance contracts on a sole source basis for technical assistance in the gulf region. These contracts primarily involved the installation, operation, maintenance, and deactivation of housing facilities. We reviewed the source selection process for each of the major Individual Assistance Technical Assistance Contractors, but could not find complete records to determine how these firms were selected. While the four contractors were among the top 50 construction contractors in the country⁹ and technically qualified to perform the work, FEMA did not provide sufficient documentation regarding the process used to select these firms over other highly rated firms. Of the companies selected by FEMA, one ranked first, a second ranked fourth, another ranked fifteenth, and the fourth ranked fiftieth.

FEMA re-competed the contracts and made awards to six large contractors shortly after September 30, 2006. FEMA also awarded 36 contracts, mostly to local and small gulf region businesses, to perform maintenance and deactivation work previously performed by the large contractors. Because the contract period for the four large contracts ended on September 30, 2006, FEMA also issued a Request for Proposal to the 36 maintenance and deactivation contractors to haul and install trailers and mobile homes in Louisiana and Mississippi. Nineteen of these contractors received awards for haul and install; 14 for Louisiana were awarded by September 26, 2006, and 5 for Mississippi were awarded by October 17, 2006.

⁹ According to *Engineering News Record* magazine.

We conducted a review of the 36 Maintenance and Deactivation Contractors and issued a report, *FEMA's Award of 36 Trailer Maintenance and Deactivation Contracts*, OIG-07-36 in March 2007. We reported that overall, FEMA treated bidders fairly during the bidding process. However, contracting officials did not properly assess the wide range of prices proposed by bidders. This exposed FEMA to the risk of paying too much for contract line items and not paying enough to ensure proper performance.

FEMA said it made use of "limited competition" procedures in awarding contracts in response to Hurricane Katrina. FEMA defined "limited competition" as calculating a "reasonable" unit price range and making awards to those contractors who were known to FEMA and who provided quotes within that range. The term "limited competition" allows agencies to obtain competition "to the maximum extent practicable" for urgent and compelling reasons, although it is not a process recognized by the FAR. It gave FEMA a means of ensuring contracts were awarded with unit prices determined to be reasonable. However, the lack of objective evaluation criteria for determining which firms received smaller contracts and which firms received significantly larger contracts provided a basis for other non-selected contractors to assert bias or favoritism in the award process.

To foster competition to the maximum extent possible, acquisition plans should consider the FAR requirement to specify company size standards in solicitations so that offerors can appropriately represent themselves as small or large businesses. To the extent possible, FEMA acquisition plans should anticipate all factors and significant subfactors that will affect contract award and their relative importance so that they can be specified clearly in the solicitation. In addition, the plans should use public information strategies to identify FEMA procurement points of contact and proposal evaluation criteria for major products. By having strategies that draw on state economic development offices, chambers of commerce, and industry associations, well-connected vendors would not have a significant advantage in contacting FEMA procurement personnel following a disaster and would not be perceived as receiving favored treatment in contract awards. Using this approach could have resulted in a more equitable distribution of contract awards and address the issues of fair and reasonable pricing.

FEMA contract files contained little or no documentation regarding price reasonableness, although the FAR requires contracting officers to document the determination of fair and reasonable pricing. Many of the files contained no contract files checklist or record of supervisory review and approval. With the high volume of procurement activity within such a short period of time, documentation providing an explanation of the source selection process and the determinations of cost reasonableness was not prepared for many contracts. Use of streamlined documentation procedures to meet the FAR

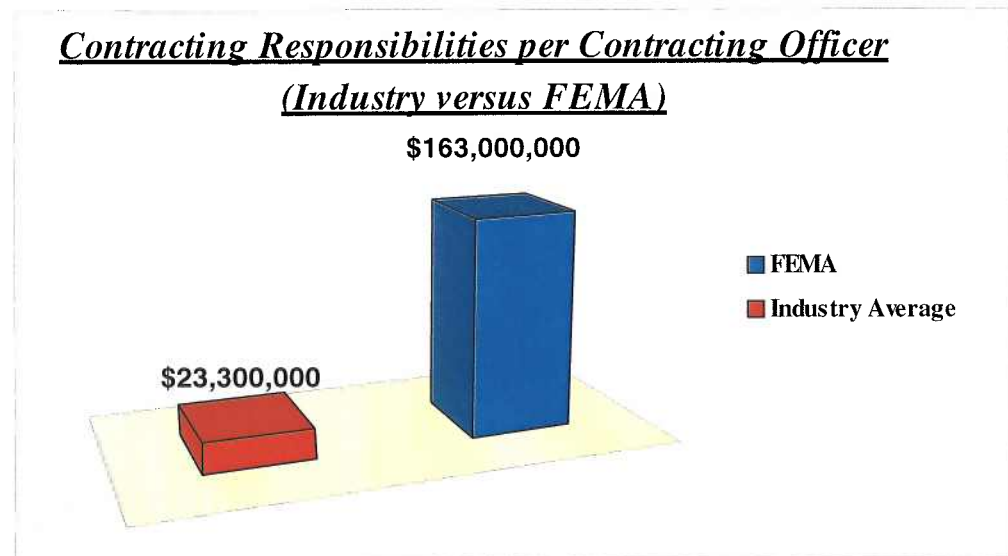
requirements would not have appreciably impeded FEMA's contracting efforts to provide expedited assistance to the disaster victims.

Contract Oversight and Monitoring

Inadequate numbers of contracting staff and a shortage of experienced Contracting Officer's Technical Representatives (COTRs) hampered FEMA's ability to monitor Hurricane Katrina response contracts. Effective contract oversight and monitoring is necessary to ensure that the government gets what the contracts call for and that costs are controlled.

As of March 13, 2006, FEMA awarded \$5.3 billion in procurements to support the Gulf Coast recovery efforts. FEMA had approximately 55 contracting personnel that were assisted by temporary deployments of General Services Administration contracting personnel. Based on this data and as depicted in Figure 3, we estimated that each of the contracting staff was responsible for an average of \$163 million on an annualized basis, or more than 7 times the industry average. The workload overwhelmed the capacity of the contracting staff and made compliance with the requirements of various federal procurement regulations challenging to the staff.

Figure 3. Comparison of Contracting Responsibilities



Source: Center for Strategic Supply Research

The shortage of trained and experienced staff to oversee and monitor contracts was evident:

- FEMA officials said that in some instances, FEMA accepted delivery of trailers and mobile homes without inspecting them or holding

contractors accountable. FEMA did not know the number of housing units that would be delivered on a given day and vehicle identification numbers were not reconciled with Bills of Lading.¹⁰ Consequently, there was little assurance that FEMA received what it had procured.

- GAO reported that, in November 2005, FEMA's contracts for installing temporary housing in 4 states had only 17 of the 27 required monitors.¹¹ Our discussions with FEMA staff in Louisiana confirmed GAO's conclusion that there were too few monitors/COTRs and identified other causes for insufficient contract monitoring including the following:
 1. COTRs rotation periods did not overlap, so the arriving COTRs were not sufficiently briefed by the departing COTRs, and
 2. Many of the COTRs were borrowed from other agencies and were not familiar with FEMA temporary housing contracts.

In July 2006, FEMA officials said they hired Cadre of On-Call Response/ Recovery Employees to serve as COTRs for Gulf Coast recovery efforts; but the number of COTRs on staff was still insufficient to provide adequate contractor oversight. Because of this, some FEMA staff believed that the contractors were "running the show." We are conducting a review of the four Individual Assistance Technical Assistance Contractors and plan to issue a report on their performance later this fiscal year.

- The HAC had responsibility for coordinating temporary housing throughout the affected area but did not communicate its activities to other FEMA field organizations. This contributed to problems with contract oversight in that the HAC requested contractors to perform additional work without COTR knowledge or contracting officer approval. As a result, neither the contracting officer nor the COTR were afforded the opportunity to approve of, document, or oversee and monitor the contractors' work.¹²
- Another indicator of the need for additional oversight was the number of rejected, temporary housing sites and related costs for group sites developed for travel trailers and mobile homes. As of April 2006, FEMA has spent over \$14.2 million for 338 sites that were rejected for

¹⁰ A document listing and acknowledging receipt of travel trailers and mobile homes delivered by/for a contractor.

¹¹ *Hurricane Katrina: Planning for and Management of Federal Disaster Recovery Contracts*, GAO-06-622T, dated April 10, 2006.

¹² FAR Part I, Subpart 1.601 (a) – *Career Development, Contracting Authority, and Responsibility* provides "contracts may be entered into and signed on behalf of the Government only by contracting officers."

various reasons. Since poor contract planning, monitoring, and oversight may have contributed to these sites being rejected, we are reviewing nine sites that were rejected for various reasons, after an estimated total of \$3.7 million was spent preparing the sites. We plan to issue a report later this fiscal year.

FEMA is aggressively recruiting contracting officers and COTRs to augment its contract staff. It initially established a separate contracting office to handle procurement activity for the gulf region; however, that office is now rolled into FEMA's procurement office under the Chief Acquisition Officer. These are important steps to provide additional oversight, controls, and support for Gulf Coast recovery operations and to better meet the procurement demands after future catastrophic disasters.

Recommendations

We recommend that the Administrator, Federal Emergency Management Agency:

Recommendation #5: In coordination with the DHS Chief Procurement Officer, develop an acquisition strategy that (1) addresses housing needs, supplies, and services prior to disasters; (2) considers the effect on production capabilities and available on-site inventory; and (3) balances the capabilities of distributors, wholesalers, retailers, and manufacturers, and maximizes the use of them.

Recommendation #6: Evaluate basic housing requirements occurring after catastrophic disasters, put in place contracts and infrastructure to respond to the needs of catastrophic disaster victims, and develop policies and procedures to re-compete contracts when expedited contracting methods are used immediately following a major disaster.

Recommendation #7: Develop policies and procedures to ensure that procurement personnel properly maintain contract files as defined by the FAR, including documents that show the basis used to determine price reasonableness as well as documents regarding any other contracting decisions.

Recommendation #8: Undertake the following actions: (1) determine the appropriate number of contracting professionals and experienced COTRs required to meet sheltering and transitional housing needs occurring after a catastrophic disaster, (2) continue to hire experienced contracting professionals to monitor and oversee housing contracts awarded in a disaster environment, (3) promulgate specific guidance emphasizing the authority and

responsibility of contracting officers and COTRs qualified to perform housing acquisitions, and (4) include provisions for the training of contracting officers and COTRs functioning in catastrophic disaster environments.

FEMA Oversight of Leasing Sites

Individual Assistance Technical Assistance Contractors negotiated leases for commercial travel trailer and mobile home park sites with little input from FEMA's housing officials. As a result, FEMA had little control over the types of temporary sites leased or the amounts paid for the sites and, in several instances, contractor-leased sites were rejected for various reasons. Further, without explicit policies and procedures to govern the use of travel trailers in industrial and government sites, FEMA encountered accountability problems.

- In Louisiana, sites were rejected because parish and city officials changed their minds, site owners withdrew their offers, environmental concerns prevented use of the sites, costs were too high, or the sites were not needed. Over \$9 million was spent on rejected sites, and FEMA closed 114 commercial parks because FEMA's contractors performed all negotiations for leases without any input from FEMA's housing officials. Also, inexperienced COTRs contributed to the difficulty of monitoring contracts because they were not familiar with FEMA design requirements, programs, or regulations.
- A FEMA initiative allowed the use of industrial sites to house workers who were victims, but also made these sites available to other victims as well. This was the first disaster that used sites for industrial purposes and the Department of Louisiana Economic Development was the first to implement the initiative. Since FEMA had no regulations and procedures to govern the initiative, accountability problems resulted and FEMA was uncertain that trailers were being used for the intended purposes. For example, one nursing home in Louisiana requested 15 trailers to house staff, but the trailers were never hooked up. FEMA finally recovered them months later as other victims waited for housing.
- Another initiative known as exclusive use sites allowed installation of trailers to be used for critical employees of government agencies. The sites were established on government properties and were intended to house employees deemed essential to maintain health and safety, such as doctors, firefighters, and police. However, FEMA did not have policies and procedures in place to ensure the trailers were used as intended.

Recommendations

We recommend that the Administrator, Federal Emergency Management Agency:

Recommendation #9: Develop explicit criteria for what a temporary housing site should include, as well as criteria for how appropriate sites are selected for development.

Recommendation #10: Institute an oversight program that ensures Individual Assistance Technical Assistance Contractors identify and select eligible temporary housing sites for disaster victims.

Recommendation #11: Work with state and local governments to develop policies, plans, procedures, and processes to identify and set up group and individual temporary housing sites that will accommodate specific or special needs of victims prior to disasters.

Manufacturers' Warranties

FEMA did not take advantage of manufacturer warranties on travel trailers and mobile homes it acquired. Instead, Individual Assistance Technical Assistance Contractors and Maintenance and Deactivation Contractors made repairs that were covered by warranties. As a result, FEMA paid for repairs that should have been done by the manufacturer at no cost to the government.

In order to take advantage of and enforce warranties, FEMA needs to:

- Establish and implement policies and procedures that require taking advantage of warranties on travel trailers and mobile homes, as well as any major item procured;
- Identify repair and maintenance costs to provide a basis for taking advantage of the warranties; and
- Recover funds from Individual Assistance Technical Assistance Contractors and Maintenance and Deactivation Contractors for work that should have been covered by warranties.

We could not quantify the savings that could have accrued as a result of claims against manufacturers' warranties because FEMA does not track claims or pursue them; its contractors performed most of the maintenance and repair work. In addition, FEMA's contractors had little or no incentive to

claim manufacturers' warranties because they were paid by FEMA for all work they performed regardless of the existence of warranties.

FEMA contracting officials agreed that travel trailer and mobile home defects identified at the time of delivery to FEMA's staging areas were warranty items that should have been rectified by the manufacturers. FEMA logistics officials said that in many cases, defects were corrected at FEMA staging areas prior to FEMA acceptance of the units. However, in many other cases, FEMA lost control of the units when it allowed the contractors to move trailers to contractor-operated forward staging areas. FEMA officials said that the contractors should have sought reimbursement for warranty work from the manufacturers; however, they had no knowledge of whether this was done. Without this knowledge, FEMA had no basis to question bills submitted by its contractors.

FEMA officials also said they had little knowledge of what trailers and mobile homes were received in the forward staging areas and what the Individual Assistance Technical Assistance Contractors were doing. We were told and confirmed that FEMA contractors cannibalized travel trailers. Parts were removed from some of the damaged trailers and used on other trailers to make them mission capable because replacement parts were not readily available after the disaster. Although FEMA's contracts required that it be informed of deficient trailers upon receipt, FEMA officials said that the contractors did not report the damaged trailers and trailers with missing parts, nor did FEMA inspect the trailers at forward staging areas. As a result, non-mission capable trailers were listed in FEMA's inventory as mission capable, and FEMA had little visibility over what work may have been eligible under the manufacturers' warranties. Further, the decision to cannibalize damaged trailers may have voided the manufacturers' warranties. The issue of cannibalization of travel trailers is more fully discussed in the OIG report, *Cannibalization of Travel Trailers by Bechtel*, GC-HQ-06-35, dated April 21, 2006.

Recommendations

We recommend that the Administrator, Federal Emergency Management Agency:

Recommendation #12: Develop policies and procedures requiring that (1) all travel trailers and mobile homes are properly inspected/accepted upon receipt, (2) inspection/acceptance documentation is retained, and (3) maintenance and repair costs, including the costs of parts claimed by contractors, are monitored and warranties enforced.

Recommendation #13: For future disasters, determine whether Individual Assistance Technical Assistance Contractors made repairs that should have been reported to the manufacturers at the time of acceptance/inspection and, whenever applicable, covered under the implied warranty clause, and seek reimbursement from the contractors or manufacturers as appropriate.

Alternatives To Status Quo

The Stafford Act and the National Response Plan require that FEMA address housing needs when states are unable to meet these needs after a disaster. Historically, FEMA has successfully met the short- and longer-term temporary housing needs (shelters and transitional housing) of the victims of most presidentially-declared disasters. However, as a result of the Gulf Coast hurricanes, FEMA has not only become the focal point for meeting the sheltering and transitional housing needs of disaster victims, but also the focal point for permanent housing solutions for these victims.

FEMA's lessons learned report on the federal response to Hurricane Katrina pointed out that FEMA neither identified available sites and available land to meet temporary and long-term housing needs before the disaster nor took advantage of housing resources available from other federal agencies after the disaster. Reports from Congress and the Executive Branch call for the federal government to develop a comprehensive and flexible housing strategy that requires the involvement of numerous federal agencies to meet the short-term, longer-term, and permanent housing needs of disaster victims.

Several alternatives to the status quo should be considered before the next catastrophic disaster inasmuch as these alternatives may be a more cost effective way to meet the needs of disaster victims and provide a more expeditious way of returning them to a more normal way of life. Alternatives to FEMA being the primary provider of long-term housing include having (1) the states assume housing responsibility, (2) HUD assume federal coordination of the housing function, (3) FEMA use permanent types of housing in lieu of travel trailers and mobile homes, and (4) FEMA make lump sum payouts and rely on disaster victims to find longer term housing that meets their specific needs.

States Assume Housing Responsibilities

A White House report¹³ issued after Hurricane Katrina stated that state and local governments in areas most affected by the Gulf Coast hurricanes were not adequately prepared to provide housing assistance. States lacked the necessary information about temporary housing and had not compiled a comprehensive database on shelters. According to the White House report, temporary housing in Mississippi was provided in numbers exceeding any previous effort, but this success was obscured by the need to move victims from shelters to other types of housing within an acceptable period of time. The White House concluded that new housing methodologies needed to be examined and implemented before the next catastrophic disaster.

Officials in Florida, Louisiana, and Mississippi said that they continually attempt to identify available housing, but after a major disaster event, these efforts are negated by federal intervention in providing housing. Arguably, housing needs are best determined by states and local governments. However, as noted in the White House report, states and local governments do not adequately identify and carry through on meeting these needs in times of catastrophic events.

One way FEMA can assist the states in being prepared to meet the long-term housing needs of catastrophic disaster victims is to request from Congress additional Emergency Management Performance Grant funding with specific terms and conditions in the grants that require development of a catastrophic housing strategy and plan to meet the needs of disaster victims. For 2008, states received about \$210 million for payroll and training costs related to preparedness. The National Emergency Management Association, which represents all state emergency managers, has continuously sought increases in Emergency Management Performance Grant funding to enhance the states' preparedness infrastructure. Planning for the housing needs of disaster victims is a critical element of preparedness and could be a candidate for additional grant program funding.

HUD Assumes Federal Coordination of the Housing Function

The White House, Congress, and some FEMA officials believe the housing program should be transferred to HUD because housing is that agency's specialty. However, many FEMA officials believe this is not a viable solution because HUD may not be sufficiently funded to accomplish this mission. Prior to the establishment of FEMA in 1979, HUD's Federal Disaster Assistance Administration was one of several federal agencies meeting the housing needs of disaster victims.

¹³ *The Federal Response to Hurricane Katrina Lessons Learned*, February 2006.

The Department of Homeland Security Appropriation Act, 2007 (Public Law 109-295) requires that FEMA be overhauled to improve the Nation's ability to respond to catastrophic events. The Public Law introduced a number of amendments to the Stafford Act including Section 682, National Disaster Recovery Strategy. This section directs the FEMA Administrator, in coordination with the Secretary of HUD and numerous other federal agencies and non-governmental organizations, to develop, coordinate, and maintain a National Disaster Recovery Strategy. This would include a NDHS to serve as a guide to recovery efforts after major disasters and emergencies. To be effective, the strategy must clearly define the roles, programs, and responsibilities of those tasked with providing housing for disaster victims and identify the most efficient and cost effective federal programs, to meet short- and long-term housing needs.

The Public Law also requires that the National Response Plan and its annexes be reviewed to ensure that a unified system of strategic and operational plans exist to respond effectively to catastrophic events. Mass evacuation planning should include short- and long-term sheltering and accommodations, and should consider (1) relocating and transporting evacuees, (2) identifying populations with special needs, (3) keeping families together, (4) expeditiously locating missing children, and (5) establishing policies and procedures for pets.

Consideration should be given to having HUD coordinate the federal response to disaster housing issues. The NDHS should include the roles, programs, and responsibilities of applicable federal agencies providing housing assistance, as well as those of states, local governments, and non-governmental organizations such as the American Red Cross. A draft of this document is currently in the review process. The strategy should detail how responsibilities will be shared, address funding issues, and address other matters concerning the cooperative effort to provide housing assistance needed as a result of a major disaster. For example, the strategy should consider:

- Mechanisms to ensure that housing is provided where employment and other support resources are available,
- Needs of low income victims,
- Planning for operation of clusters of housing, and
- Delineating what additional authorities may be needed to effectively fulfill the housing mission.

Permanent Housing Options

Lessons learned from the Gulf Coast hurricanes also showed that the traditional travel trailer and mobile home program was neither the most efficient and cost effective means of providing temporary housing for catastrophic disaster victims nor the best method to facilitate long-term recovery from the disaster. In the aftermath of Hurricane Katrina, FEMA met short-term housing needs with travel trailers and longer-term needs with mobile homes, but other alternatives were needed to meet the permanent housing needs of disaster victims.

Recognizing the extensive housing challenges presented by Hurricane Katrina, as well as limitations within the Stafford Act, Congress appropriated \$400 million¹⁴ to DHS to support alternative housing pilot programs. Congress provided that:

“Notwithstanding any other provision of law, the Secretary of Homeland Security shall consider eligible under the Federal Emergency Management Agency IA Program the costs sufficient for alternative housing pilot programs in the areas hardest hit by Hurricane Katrina and other hurricanes of the 2005 season.”

FEMA’s Alternative Housing Pilot Program made funding available to Texas, Mississippi, Alabama, Louisiana, and Florida based on proposals that:

- Represented innovative approaches to housing,
- Represented safe housing solutions,
- Were cost effective, and
- Could be delivered in an expedient manner.

We reviewed the decisions made in establishing the competitive grant program, as well as the process used to review each proposal. The Alternative Housing Pilot Program is more fully discussed in the OIG report, *Evaluation of the Federal Emergency Management Agency’s Alternative Housing Pilot Program*, OIG-07-39, dated April 20, 2007.

Should FEMA continue to administer long-term housing solutions after future catastrophic disasters, it needs to consider modular homes, as shown below in Figure 4, as a more viable method of helping disaster victims in their recovery process rather than travel trailers and mobile homes. According to FEMA officials, innovations in the building industry allow builders to construct permanent housing following local codes, including construction in mobile

¹⁴ Public Law 109-234, FY 2006 Emergency Supplemental Appropriation, and Conference Committee Report entitled, “Report 109-494-Making Emergency Supplemental Appropriations for the Fiscal Year Ending September 30, 2006, and For Other Purposes.”

home parks. This also includes floodplain areas, in which a waiver or amendment of restrictions is required as housing units may be placed on stilts or raised above the flood level.

Figure 4: Modular Home, also referred to as a Katrina Cottage



Source: Robbie Caponetto/Cottage Living Magazine, 2007

Since these units are permanent, refinancing could be sought by the victims to make these units their permanent residences. This would expedite their recovery and reduce the long periods of time some victims have had to cope with inadequate housing. FEMA officials believe these structures can be put into place in approximately the same time it takes to purchase, transport, and set up a trailer or mobile home, and that any additional cost would be minimal. FEMA has contracted with the National Institute for Building Sciences to provide various services related to housing issues. Institute officials told us they will assist FEMA in developing criteria for temporary housing, evaluating different alternatives to housing, and evaluating the cost effectiveness of these alternatives.

Lump Sum Settlement

Another option may be to provide the disaster victim a lump sum settlement, no greater than a pre-determined cap, to be used for finding permanent housing. This would be based on consideration of all costs associated with the travel trailer or mobile home set up, maintenance, and the anticipated amount of time that the victim would be temporarily housed. As previously identified, mobile homes and travel trailers can range from \$17,558 to \$113,770 depending on the type and where it is installed. The primary advantage to this

depending on the type and where it is installed. The primary advantage to this program is that it would be a one-time expenditure, paid to only those victims who have been screened and qualified, and would disqualify the applicant for any other housing assistance under a particular declaration. This program would require maximum oversight and a pre-qualification process with adequate controls to ensure that funds were authorized and issued to those applicants who passed all the qualification requirements.

Considerations For Congress

The results of this review and the alternatives to the status quo discussed above present matters that should be considered by Congress because the actions recommended below exceed FEMA's authority, or require that Congress clarify or delineate FEMA's authority in exercising its responsibilities.

1. Authorize increased Emergency Management Performance Grant Program funding to allow states in high-risk areas to identify housing opportunities and to obtain temporary housing for victims of a catastrophic event.
2. Determine whether HUD's mission is compatible with disaster response, including an assessment of capabilities, staff experience in disaster scenarios, and organizational capability to address catastrophic events. As required in Public Law 109-295, consideration needs to be given to mechanisms for coordination among all federal agencies that have a stake in housing issues and whether HUD is in a position to accomplish such an effort more effectively than FEMA.
3. Evaluate a program that provides victims with a "one-time" cash settlement based on historical costs of acquiring, providing, maintaining, repairing, and administering transitional housing. This option would require extensive pre-screening to avoid fraud, but also would have the advantage of reducing FEMA's financial exposure for housing victims during the recovery period and hasten recovery.

Management Comments and OIG Analysis

FEMA provided written comments on the draft of this report (See Appendix C). FEMA generally concurred with 12 of the 13 recommendations in this report. FEMA did not concur with recommendation #13, but provided an acceptable alternative solution. The following summarizes FEMA's responses to each recommendation, our analysis of FEMA's responses, and the status of each recommendation.

Recommendation #1: Expedite the completion of the National Disaster Housing Strategy and develop, implement, test, and exercise a housing plan for meeting the needs of individuals displaced by catastrophic disasters.

FEMA concurs with this recommendation. In response to this recommendation, FEMA said the NDHS will convey a broad national strategy that defines the roles, programs, and authorities for public, private, and non-profit entities with responsibilities in disaster housing. The NDHS will highlight the forms of assistance that will be available to individuals, households, and communities in the event of a disaster. The NDHS will also include a requirement to develop a planning process that will work at the community, state, and federal level, and can be applied to the entire spectrum of potential events, and potential magnitudes, including those of catastrophic proportions. The disaster plan will guide the implementation, testing, and exercising of FEMA's capabilities to ensure readiness to respond to and meet the needs of individuals displaced by disasters.

OIG Analysis: To be responsive to recommendations, agency officials should provide target completion dates for implementing their planned actions. Although FEMA did not include a target completion date for the NDHS, FEMA officials have testified to Congress that the NDHS should be issued soon. Therefore, we consider FEMA's planned action responsive to the recommendation. The recommendation is resolved and open pending FEMA's issuance and our review of the NDHS and FEMA's implementation and testing of its housing plan.

Recommendation #2: Develop a command and control structure over housing decisions that clearly defines all roles and responsibilities and identifies the chain of command needed to ensure timely decision-making.

FEMA concurs with this recommendation. FEMA said it is confident that the NDHS will sufficiently clarify roles and responsibilities for housing disaster victims for the full continuum of the disaster housing process.

OIG Analysis: Because FEMA plans to issue the NDHS soon; we consider FEMA's planned action responsive to the recommendation. Therefore, the recommendation is resolved and open pending FEMA's issuance and our review of the NDHS.

Recommendation #3: Develop policies, procedures, and guidelines that address roles and responsibilities of FEMA, and state and local governments articulating how housing needs of victims will be met in catastrophic events.

FEMA concurs with this recommendation. FEMA said it has taken several steps to address this issue including issuing the Emergency Support Function

(ESF) #6 annex to the National Response Framework, published in January 2008. Additionally, FEMA and the American Red Cross have worked with their ESF #6 partners at the national level to revise the ESF #6 standard operating procedures. This process has been valuable in identifying and defining authorities, roles, and capabilities of all ESF #6 agencies. Also, the NDHS will convey national guidance and a vision for providing disaster housing assistance. It will define the roles, programs, authorities, and responsibilities of all entities, detailing shared responsibilities and emphasizing the cooperative efforts required to provide disaster housing assistance. FEMA also published its *Mass Sheltering and Housing Assistance* recovery strategy, which provides guidance and protocols for providing sheltering and housing assistance. Finally, FEMA developed a *Transitional Sheltering Protocol*, which can be implemented when large numbers of evacuees are housed in congregate shelters and are not able to return to their homes for extended periods of time.

OIG Analysis: We consider FEMA's planned action responsive to the recommendation. Therefore, the recommendation is resolved and open pending FEMA's issuance and our review of the NDHS.

Recommendation #4: Finalize and implement its strategy for developing a system that authorizes eligible applicants to obtain an IHP-subsidized hotel/motel room for temporary sheltering.

FEMA concurs with the recommendation. FEMA drafted its *Lodging Expense Reimbursement* policy that will establish a national standard for evaluating and processing requests from individuals and households for disaster related lodging expenses and will apply reimbursements against the individual household's IHP financial limit.

FEMA has also drafted a *Transitional Sheltering (Emergency Lodging Assistance)* policy that is designed for use in post-disaster situations where states are hosting large numbers of evacuees in congregate shelters, who will not be able to return to their homes for an indeterminate period of time. Both of these draft policies are in the vetting stage and FEMA anticipates that they will be issued by mid-summer 2008.

OIG Analysis: We consider FEMA's planned action responsive to the recommendation. Therefore, the recommendation is resolved and open pending FEMA's issuance and our review of the *Lodging Expense Reimbursement* and *Transitional Sheltering (Emergency Lodging Assistance)* policies.

Recommendation #5: In coordination with the DHS Chief Procurement Officer, develop an acquisition strategy that (1) addresses housing needs,

supplies, and services prior to disasters; (2) considers the effect on production capabilities and available on-site inventory; and (3) balances the capabilities of distributors, wholesalers, retailers, and manufacturers, and maximizes the use of them.

FEMA concurs with this recommendation. FEMA said these factors are currently included in the acquisition strategy under the Individual Assistance Technical Assistance Contractors and, upon release of the NDHS, FEMA's Office of Acquisition will coordinate with the IA Technical Assistance Contractors and the DHS Chief Procurement Officer, to develop a comprehensive acquisition strategy that addresses all planning elements outlined in the NDHS.

OIG Analysis: We consider FEMA's planned action responsive to the recommendation. Therefore, the recommendation is resolved and open pending FEMA's issuance and our review of the NDHS and the new comprehensive acquisition strategy.

Recommendation #6: Evaluate basic housing requirements occurring after catastrophic disasters, put in place contracts and infrastructure to respond to the needs of catastrophic disaster victims, and develop policies and procedures to re-compete contracts when expedited contracting methods are used immediately following a major disaster.

FEMA concurs with this recommendation. In FEMA's response, it said FEMA's IA Technical Assistance Contract II contracts feature a competitive bidding process for each task order. The long-term acquisition strategy is further illustrated with the planning and procurement of the IA Technical Assistance Contract III contracts. These contracts will be a follow on to the IA Technical Assistance Contract II contracts incorporating lessons learned during both the IA Technical Assistance Contract I and II contracts. Upon release of the NDHS, FEMA's Office of Acquisition will coordinate with the IA Technical Assistance Contractors and the DHS Chief Procurement Officer, to develop a comprehensive acquisition strategy that addresses all planning elements outlined in the NDHS. This revised strategy will address immediate and long-term contracts.

OIG Analysis: We consider FEMA's planned action responsive to the recommendation. Therefore, the recommendation is resolved and open pending FEMA's issuance and our review of the NDHS and the new comprehensive acquisition strategy.

Recommendation #7: Develop policies and procedures to ensure that procurement personnel properly maintain contract files as defined by the FAR, including documents that show the basis used to determine price

reasonableness as well as documents regarding any other contracting decisions.

FEMA concurs with this recommendation. FEMA said it will work to ensure that procurement personnel adhere to documentation requirements outlined in the FAR.

OIG Analysis: Although FEMA concurs with the recommendation, its response does not include developing policies and procedures to properly maintain contract files. Therefore, we will consider the recommendation resolved, but it will remain open until FEMA institutes corrective action.

Recommendation #8: Undertake the following actions: (1) determine the appropriate number of contracting professionals and experienced COTRs required to meet sheltering and transitional housing needs occurring after a catastrophic disaster, (2) continue to hire experienced contracting professionals to monitor and oversee housing contracts awarded in a disaster environment, (3) promulgate specific guidance emphasizing the authority and responsibility of contracting officers and COTRs qualified to perform housing acquisitions, and (4) include provisions for the training of contracting officers and COTRs functioning in catastrophic disaster environments.

FEMA concurs with this recommendation. FEMA said it continues to focus on right-sizing contract oversight operations in the field and has increased its professional acquisition staff from approximately 35 to 118. FEMA agreed to develop additional specific guidance regarding the authority and responsibility of contracting officers and COTRs and agreed to provide additional procurement training to address catastrophic disasters.

OIG Analysis: Although FEMA generally concurred with the recommendation, its response did not provide target completion dates for planned actions. Therefore, the recommendation is resolved and open pending completion and our review of additional specific guidance, and development and implementation of procurement training to address catastrophic disasters.

Recommendation #9: Develop explicit criteria for what a temporary housing site should include, as well as criteria for how appropriate sites are selected for development.

FEMA concurs with this recommendation. FEMA agrees with the need to develop explicit criteria that will govern the group site selection and construction process. FEMA is developing a policy document that will outline site identification considerations, such as cost and the proximity to services and the affected area.

OIG Analysis: Although FEMA concurred with the recommendation, its response did not provide a target completion date for its planned action. Therefore, the recommendation is resolved and open pending completion of development of explicit criteria, and development and our review of the policy document.

Recommendation #10: Institute an oversight program that ensures Individual Assistance Technical Assistance Contractors identify and select eligible temporary housing sites for disaster victims.

FEMA concurs with this recommendation. FEMA responded that oversight currently exists through the Individual Assistance Branch of the Joint Field Office, which is responsible for identifying and selecting eligible temporary sites. The IA Technical Assistance Contractor supports the identification of eligible sites, but only with direct management by the JFO Individual Assistance Branch.

OIG Analysis: We consider FEMA's planned action responsive to the recommendation. Therefore, the recommendation is resolved and closed.

Recommendation #11: Work with state and local governments to develop policies, plans, procedures, and processes to identify and set up group and individual temporary housing sites that will accommodate specific or special needs of victims prior to disasters.

FEMA concurs with this recommendation. FEMA responded it is working closely with states, tribal governments, counties and independent municipalities on a Gap Analysis planning initiative that includes the pre-disaster identification of housing resources, including rental units and potential group site locations. This analysis will include special needs considerations as part of the planning process.

OIG Analysis: Although FEMA concurred with the recommendation, its response did not provide a target completion date for its Gap Analysis planning document. Therefore, the recommendation is resolved and open pending completion of the planning document.

Recommendation #12: Develop policies and procedures requiring that (1) all travel trailers and mobile homes are properly inspected/accepted upon receipt, (2) inspection/acceptance documentation is retained, and (3) maintenance and repair costs, including the costs of parts claimed by contractors, are monitored and warranties enforced.

FEMA concurs with this recommendation. FEMA responded it has implemented a stringent Quality Assurance/Quality Control program for the procurement of new temporary housing units.

OIG Analysis: We consider FEMA's action responsive to the recommendation. Therefore, the recommendation is resolved and open pending our receipt and review of documentation supporting the Quality Assurance/Quality Control program.

Recommendation #13: Determine whether Individual Assistance Technical Assistance Contractors made repairs that should have been reported to the manufacturers at the time of acceptance/inspection and, whenever applicable, covered under the implied warranty clause; and seek reimbursement from the contractors or manufacturers as appropriate.

FEMA does not concur with this recommendation. While FEMA agrees that repair requirements should have been reported to the manufacturers and covered by warranty, FEMA does not concur with the recommendation to seek, at this late date, reimbursement from Hurricane Katrina contractors or manufacturers for minor repairs performed by IA Technical Assistance Contractor personnel, believing that such an effort would be cost-prohibitive. However, to correct this problem in the future, FEMA has instituted a stringent Quality Assurance/Quality Control process that will identify and correct discrepancies prior to acceptance at the manufacturing facilities. At this time FEMA is completing 100% inspection of all newly procured units and requiring all discrepancies be corrected prior to acceptance.

OIG Analysis: FEMA did not concur with the recommendation to seek reimbursement from contractors at this late date for repairs that should have been reported to the manufacturers and covered by warranty. We revised the recommendation to indicate that this should be implemented for future disasters. We accept FEMA's alternative corrective action that the development of the Quality Assurance/Quality Control process should prevent this problem in the future. Therefore, the recommendation is resolved and open pending our receipt and review of documentation supporting the Quality Assurance/Quality Control program.

Our objectives were to determine whether and to what extent FEMA (1) conducted pre-disaster planning for emergency sheltering and temporary housing; (2) complied with existing federal regulations and policies governing emergency housing assistance provided under the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, as amended; (3) managed and executed its pre- and post-landfall emergency sheltering and transitional housing mission; (4) effectively and efficiently met disaster evacuees housing needs; and, (5) developed and implemented disaster specific guidance and lessons learned to prepare for future major catastrophic disasters.

We focused on FEMA's housing assistance activities in Louisiana, Mississippi, Texas, Florida, and Alabama. We also considered potential alternatives to fulfilling FEMA's housing mission.

We analyzed disaster sheltering and temporary housing related plans, policies, procedures, and guidance established and maintained by FEMA/DHS, HUD, and state and local governments; and interviewed federal, state, non-profit, and private sector officials.

Our interviews included officials from:

- FEMA, DHS, Department of Health and Human Services, HUD, and the Homeland Security Institute;
- State Emergency Managers and Planners in Alabama, Louisiana, Texas, Florida, and Mississippi;
- FEMA Individual Assistance Technical Assistance Contractors in Alabama, Louisiana, and Mississippi;
- Volunteer Agency Liaisons and Faith-Based Organizations; and
- FEMA authorized case managers in Alabama, Missouri, Louisiana, Mississippi, and Texas.

Fieldwork began in March 2006 and continued through January 2008. This review was conducted under the authority of the *Inspector General Act of 1978*, as amended, and according to Quality Standards for Inspections issued by the President's Council on Integrity and Efficiency.

Appendix B
Event Decision Timeline

<i>Date</i>	<i>Event</i>	<i>Detail</i>
August 25, 2005	Landfall	Katrina makes landfall in Florida as a Category 1 hurricane.
August 28, 2005	Declaration	President Bush declares a State of Emergency for Florida. (FEMA Disaster Number-1602)
August 29, 2005	Landfall	Katrina makes landfall in Louisiana, Mississippi, and Alabama as a Category 3 hurricane.
	Declaration	President Bush signs major disaster declaration for Louisiana, Mississippi and Alabama to provide Individual and Public Assistance to selected parishes and counties. (FEMA Disaster Numbers-1603, 1604, and 1605)
	Amendment	Amendment 1 to the Presidential Declaration allows Louisiana to receive Public Assistance categories A and B, including direct federal assistance.
September 6, 2005	Policy	Expedited Assistance authorized in the amount of \$2,000 for eligible applicants under Individuals and Households Program (IHP).
September 9, 2005	Decision	FEMA released Disaster Specific Guidance #2. Eligible Costs for Emergency Sheltering Declarations-Hurricane Katrina.
September 19, 2005	Decision	FEMA releases a policy on Temporary Housing Assistance for Households displaced by Hurricane Katrina.
September 24, 2005	Landfall	Rita makes landfall in Texas and Louisiana as a Category 3 hurricane.
	Declaration	President Bush issues a major disaster declaration for Texas and Louisiana. (FEMA Disaster Numbers-1606 and 1607)
September 28, 2005	Policy	Transitional Housing Assistance authorized for eligible applicants in the most affected areas of Louisiana and Mississippi in the amount of \$2,358 for rent without home inspection under IHP.
October 13, 2005	Decision	FEMA addresses requests for 30-day submissions for Requests for Public Assistance. Extension granted with new due date of November 30, 2005.
October 24, 2005	Landfall	Hurricane Wilma makes landfall in Florida as Category 3 hurricane.
	Declaration	President Bush issues a major disaster declaration for Florida. (FEMA Disaster-1609)
October 31, 2005	Status	45,526 households were sheltered in hotel and motel rooms.
November 6, 2005	Status	48,292 households were sheltered in hotel and motel rooms.
November 10, 2005	Lawsuit	McWaters v. FEMA Class Action lawsuit was filed against FEMA in United States District Court in New Orleans on behalf of hurricane survivors who did not receive adequate FEMA assistance.
November 14, 2005	Decision	FEMA issues Disaster Specific Guidance for Hurricanes Katrina, Rita and Wilma Temporary Housing Strategy. The letter informs each household that hotel assistance under Section 403 (Public Assistance) is scheduled to end on December 1, 2005. The guidance includes options for transitioning to a more permanent housing solution.
November 18, 2005	Decision	FEMA issues a letter addressing a request for an extension to the 30-day submission for Public Assistance for FEMA Disasters 1603 and 1607- Louisiana. In this letter, FEMA extends the Transitional Housing Assistance program until January 1, 2006.
December 1, 2005	Policy	FEMA guidance ends Hotel Assistance, new or extended apartment leases, paid by either local or State governments, reimbursements under Stafford Act Section 403 (Public Assistance) funds.
	Policy	Hotel funding paid under the contract between FEMA and the Corporate Lodging Consultants ends. Extension may be authorized but no more than 14-day increments. No extension will be authorized after January 7, 2006.

Appendix B
Event Decision Timeline

<i>Date</i>	<i>Event</i>	<i>Detail</i>
December 3, 2005	Status	38,373 households were sheltered in hotel and motel rooms.
December 5, 2005	Decision	FEMA hotel-motel housing programs for Hurricane Katrina evacuees in Louisiana, Texas and Mississippi extended to January 7, 2006.
December 12, 2005	Lawsuit	Judge Duval, United States District Court of New Orleans, issued an order requiring FEMA to (1) extend the hotel/motel program until February 2006; (2) give every evacuee in short-term lodging at least two weeks notice prior to terminating their assistance in the program; and (3) stop FEMA from requiring completion of a Small Business Administration loan application before Temporary Housing Assistance is given.
January 1, 2006	Status	33,703 households were sheltered in hotel and motel rooms.
January 7, 2006	Policy	FEMA states that no hotel funding extensions beyond this date.
January 12, 2006	Lawsuit	Judge Duval issued a modified order authorizing FEMA to (1) extend the deadline so that the earliest any evacuees can be terminated from the hotel program is February 13; (2) March 1, for evacuees in the City of New Orleans and Jefferson Parish; and (3) ordering evacuees to register with FEMA by January 30.
February 1, 2006	Status	26,262 households were sheltered in hotel and motel rooms.
February 22, 2006	Decision	FEMA issues guidance regarding the transitioning of all eligible evacuees to long-term housing solutions by March 1, 2006. (Transitioning from Stafford Act Section 403 funding to Section 408 funding.)
March 1, 2006	Policy	All Stafford Act Section 403 (Public Assistance) apartment leases end.
	Policy	All Stafford Act Section 403 to 408 program transitions should be completed, with the exclusion of state and local employee camps.
	Status	6,533 households were sheltered in hotel and motel rooms.
March 4, 2006	Decision	FEMA issues guidance extending the transition of all eligible evacuees to long-term housing solutions to April 1, 2006. <u>This policy is only for the State of Texas.</u>
March 26, 2006	Decision	FEMA issues Disaster Specific Guidance - Conversion of Assistance from 403 to 408. This guidance provides possible eligibility for Individuals & Households Program recipients who have reached program limits and have a continuing housing need, to transition from Financial Assistance to Direct Assistance. Assistance will last 18 months after the disaster declaration. (See Notes 3 and 4).
March 27, 2006	Decision	FEMA issues a letter providing State Public Assistance Grantees additional guidance on the transition of evacuees from Stafford Act Section 403 to 408 funding. This letter reflects the information listed in the March 26, 2006, FEMA Disaster Specific Guidance.
April 3, 2006	Status	1,481 households were sheltered in hotel and motel rooms.
April 15, 2006	Policy	FEMA makes an effort to notify all Public Assistance applicants of the number of evacuees who are eligible to receive continued assistance.
April 30, 2006	Policy	FEMA issues guidance specifying that Public Assistance Applicants (state governments) must notify or assure notification of evacuees of lease termination.
May 1, 2006	Status	547 households were sheltered in hotel and motel rooms
May 19, 2006	Lawsuit	Watson v. FEMA was filed in United States District Court in Houston on behalf of hurricane Katrina and Rita survivors who did not receive proper assistance in the FEMA Apartment Program.

Appendix B
Event Decision Timeline

<i>Date</i>	<i>Event</i>	<i>Detail</i>			
May 31, 2006	Policy	FEMA will not reimburse states for emergency sheltering costs for ineligible evacuees beyond May 31, 2006. Ineligible evacuees who were notified after April 15, 2006, will be granted an additional 30 days to receive Stafford Act Section 403 emergency sheltering funding. The exceptions are when (1) Public Assistance Applicants to Landlord and evacuee were accomplished by April 30, 2006 and (2) contractual lease termination provisions require more than 30 days notice.			
	Lawsuit	A United States District Court judge in Houston orders FEMA to expedite all apartment extension requests.			
June 2, 2006	Status	250 households were sheltered in hotel and motel rooms.			
July 13, 2006	Lawsuit	The United States District Court judge in Houston issues an injunction ordering FEMA to pay both rent and utilities, up to the HUD Fair Market Rents for all Section 408 Temporary Housing Program participants.			
August 2006	Status	121,922 households reside in FEMA provided travel trailers and mobile homes.	Louisiana 3,514 - Mobile Home units used 67,620 - Travel Trailer units used.	Mississippi 6,300 -Mobile Home units used. 41,974 -Travel Trailer units used.	Alabama 2,514 -Travel Trailer units used.
			32 households are living in hotel/motels.		
August 29, 2006	Lawsuit	The Association of Community Organizations for Reform Now (ACORN) vs. FEMA filed a complaint on behalf of evacuees of Katrina and Rita stating that FEMA terminated housing assistance without notification.			
September 6, 2006	Lawsuit	United States 5 th Circuit Court of Appeals overturned Houston District Court judge's injunction, alleviating FEMA's requirement to pay both Section 408 participants' rents and utilities.			
September 17, 2006	Status	31 households were sheltered in hotel and motel rooms.			
November 29, 2006	Lawsuit	The United States District Court for the District of Columbia ordered FEMA to reinstate 403 sheltering for all hurricane Katrina/Rita evacuees determined ineligible for assistance under the Section 408 temporary housing program as of August 31, 2006.			
December 5, 2006	Lawsuit	FEMA filed a notice of appeal and motion to stay the order with the United States District Court for the District of Columbia.			
December 8, 2006	Lawsuit	The United States District Court for the District of Columbia denied FEMA's motion for a stay and issued an order seeking additional information.			
December 11, 2006	Lawsuit	FEMA filed an Emergency Motion for Stay Pending Appeal with the D.C. Circuit Court of Appeals.			
December 12, 2006	Lawsuit	The United States District Court of District of Columbia amended its Nov. 29, 2006 order, ordering that FEMA restore 403 sheltering assistance to evacuees in Texas who, on August 31, 2006, were being sheltered under Section 403 and had been found ineligible for Section 408 temporary housing.			

Appendix B

Event Decision Timeline

Notes

1. FEMA uses households as its primary measure.
2. Hotel and motel information is measured by room night billed. Variations can occur such as one person in a hotel room or 4 or more persons per room.
3. Direct Assistance is defined in Section 408 of the Stafford Act as temporary housing units acquired or leased directly to individuals and households because of a lack of available housing resources.
4. Financial Assistance is defined in Section 408 of the Stafford Act as financial assistance provided to individuals and households to rent alternative housing accommodations, existing rental units, manufactured housing, recreation vehicles, or other fabricated dwellings, based on the fair market rent for accommodations.

Legend

<i>Color</i>	<i>Action</i>
	Hurricane Landfall
	Presidential Declaration
	FEMA Policy Decision
	FEMA Policy
	Housing Status
	Lawsuit


U.S. Department of Homeland Security
Washington, DC 20472



FEMA

MAY 23 2008

MEMORANDUM FOR: Richard L. Skinner
Inspector General

FROM: Marko Bourne 
Director
Office of Policy & Program Analysis

SUBJECT: FEMA Response to DHS Office of the Inspector General Report,
Sheltering and Transitional Housing Activities after Hurricane Katrina

This memorandum provides FEMA responses to the recommendations contained in the subject Office of the Inspector General DRAFT report.

We sincerely appreciate the opportunity to respond to the OIG's recommendations in this report. As FEMA works toward refining its programs, the Office of the Inspector General's independent analysis of program performance greatly benefits our ability to continuously improve our activities. We look forward to continuing this partnership in the future. Questions concerning the attached document should be addressed to Brad Shefka, Chief, FEMA GAO/OIG Audit Liaison Office, 202-646-1308.

Attachment:
FEMA Response to DRAFT Report

www.fema.gov

**Federal Emergency Management Agency (FEMA) Responses to
Recommendations
DRAFT OIG REPORT – *Sheltering and Transitional Housing Activities
after Hurricane Katrina***

Recommendation 1: Expedite the completion of the National Disaster Housing Strategy and develop, implement, test, and exercise a housing plan for meeting the needs of individuals displaced by catastrophic disasters.

FEMA concurs with this recommendation. The National Disaster Housing Strategy is currently under accelerated development, and is an Agency priority. The NDHS will convey a broad, national strategy that defines the roles, programs, and authorities for public (federal, state, local, tribal), private, and non-profit entities with responsibilities in disaster housing, highlighting the forms of assistance that will be available to individuals, households, and communities in the event of a disaster. The NDHS proposes that we develop a planning process that will work at the community, state, and the federal level, and can be applied to the entire spectrum of potential events, and potential magnitudes, including those of catastrophic proportions. This planning process will guide the implementation, testing, and exercising of our capabilities, to ensure our readiness to respond, and meet the needs of individuals displaced by disaster.

Recommendation 2: Develop a command and control structure over housing decisions that clearly define all roles and responsibilities and identifies the chain of command needed to ensure timely decision-making.

FEMA concurs with this recommendation and is confident that the NDHS will sufficiently clarify roles and responsibilities for housing disaster victims for the full continuum of the disaster housing process. The NDHS will clearly identify the structure for coordinating those roles, and identify those entities with the primary responsibility for the safety and welfare of those affected by the disaster during the sheltering, interim, and long-term, self-sustainable housing phases. This structure recognizes the importance of timely, event-specific, field-driven actions, determined and implemented at the appropriate, lowest jurisdictional level possible. Roles and responsibilities outlined in the NDHS will be consistent with those identified in the National Response Framework (NRF).

Recommendation 3: Develop policies, procedures, and guidelines that address roles and responsibilities of FEMA and State and local governments

articulating how housing needs of victims will be met in catastrophic disasters.

FEMA's first step in addressing this issue has been the comprehensive revision of the Emergency Support Function (ESF) #6 annex to the NRF, published in January, 2008. The ESF #6 annex (Mass Care, Housing, Emergency Assistance, and Human Services) supports and augments state, regional, local, tribal, and nongovernmental organization (NGO) mass care, emergency assistance, housing, and human services missions. Through the Post Katrina Emergency Management Reform Act, Congress has mandated that federal agencies take on additional responsibilities during emergencies resulting in an expansion of the responsibilities under ESF #6. The NRF established a new operational framework for ESF #6, which significantly expands the responsibilities and activities of that emergency support function. FEMA and ARC have worked diligently with their ESF #6 partners at the national level to revise the ESF #6 standard operating procedures, and the process has been valuable in identifying and defining authorities, roles, and capabilities of all ESF #6 agencies.

The Post-Katrina Emergency Management Reform Act of 2006 requires FEMA to develop a NDHS. The NDHS will convey national guidance and a vision for providing disaster housing assistance. It will define the roles, programs, authorities, and responsibilities of all entities, detailing shared responsibilities and emphasizing the cooperative efforts required to provide disaster housing assistance. The NDHS will establish the importance of an effective collaboration by Federal, State, Tribal, and Local governments and includes nonprofit organizations and the private sector in the provision of disaster housing assistance. The NDHS will outline the most efficient and cost-effective options for meeting disaster housing needs, and serve as the basis for pre-event planning by all organizations with roles or responsibilities in disaster housing. The NDHS describes and will address how disaster victims typically move through the continuum of disaster housing as they work to achieve a permanent housing solution. The NDHS development process included extensive vetting and coordination with other entities involved in the provision of disaster housing, including multiple federal, state, tribal, local, and private organizations.

Additionally, in July 2006, FEMA published a Mass Sheltering and Housing Assistance Recovery Strategy, which provided guidance and protocols for providing sheltering and housing assistance. While this strategy focuses on assistance associated with large hurricane evacuations, the procedures and underlying processes may also apply to no-notice

events of a catastrophic nature. Key elements of the strategy are advance identification of Congregate and Transitional Shelters to provide short-term lodging and Temporary Housing facilities for an extended period of time. Contained within the strategy is a Shelter Registration Protocol, which will allow FEMA field personnel to proactively register evacuees at designated congregate shelter locations and organized evacuee reception sites, including those out-of-state. FEMA also has a Transitional Sheltering Protocol, which may be implemented when large numbers of evacuees are being housed in congregate shelters and will not be able to return to their homes for extended periods of time.

Recommendation 4: Finalize and implement its strategy for developing a system that authorizes eligible applicants to obtain an IHP-subsidized hotel/motel room for temporary sheltering.

By regulation (CFR 206.117b), FEMA may provide reimbursement for reasonable short-term lodging expenses that individuals and households incur in the immediate aftermath of a disaster. To further effectuate this authority, we have drafted a *Lodging Expense Reimbursement* policy that will establish a national standard for evaluating and processing requests from individuals and households for disaster related lodging expenses. Reimbursements will be calculated against the individual household's IHP financial limit.

Additionally, we initiated an IHP-subsidized hotel/motel program for Hurricane Katrina and Rita applicants who were housed in FEMA TT/MH units and who requested relocation to a hotel/motel because of health concerns related to formaldehyde. A specific 24-hour 800 number was created to connect concerned applicants to a specialized group of caseworkers who address their individual concerns. The caseworkers can identify hotel resources and alternative housing if needed. If a hotel or motel is needed for short term lodging, an authorization is granted which allows the applicant to check into a participating hotel. Hotels are available throughout the gulf coast region and coordination and authorization is done through a contract with Corporate Lodging Consultants.

Lastly, in accordance with the Transitional Sheltering Protocol as described in the "Mass Sheltering and Housing Assistance – RS-001" strategy, FEMA will authorize and fund the use of hotels, motels, cruise ships or berthing vessels as transitional shelters. To effectuate this authority, we have drafted a *Transitional Sheltering (Emergency Lodging Assistance)* policy that is designed for use in post-disaster situations where States are hosting large numbers of evacuees in congregate shelters, who

will not be able to return to their homes for an indeterminate period of time. Transitional sheltering will be funded under Section 403 of the Stafford Act and will not be calculated against the individual household's IHP financial limit.

Both of these draft policies are in the vetting stage and it is anticipated that they will be issued by mid-summer 2008.

Recommendation 5: In coordination with the DHS Chief Procurement Officer, develop an acquisition strategy that (1) addresses housing needs, supplies, and services prior to disasters; (2) considers the effect on production capabilities and available on-site inventory; and (3) balances the capabilities of distribution, wholesalers, retailers, and manufacturers, and maximizes the use for them.

These factors are currently included in the acquisition strategy under the IA TAC.

Upon release of the National Disaster Housing Strategy, FEMA's Office of Acquisition will coordinate with the IA TAC and the DHS Chief Procurement Officer, to develop a comprehensive acquisition strategy that addresses all planning elements outlined in the new strategy.

Recommendation 6: Evaluate basic housing requirements occurring after catastrophic disasters, put in place contracts and infrastructure to respond to the needs of catastrophic disaster victims, and develop policies and procedures to re-compete contracts when expedited contracting methods are used immediately following a major disaster.

FEMA's Individual Assistance (IA) Division, in conjunction with FEMA Acquisition Management, has developed the IA TAC II contracts. The contracts are Indefinite Deliverable Indefinite Quantity deliverables that feature a competitive bidding process for each task order. These contracts were competed in a non-disaster environment allowing both FEMA and the contractors to clarify and modify the scope and terms when applicable or required. The contracts encompass all IA missions and are exercised continually on smaller disasters.

The long term acquisition strategy is further illustrated with the planning and procurement of the IA TAC III contracts. These contracts will be a follow on to the IA TAC II contracts incorporating lessons learned during both the IA TAC I and IA TAC II contracts.

Upon release of the National Disaster Housing Strategy, FEMA's Office of Acquisition will coordinate with the IA TAC and the DHS Chief Procurement Officer, to develop a comprehensive acquisition strategy that addresses all planning elements outlined in the new strategy. This revised strategy will address immediate and long-term contracts.

Recommendation 7: Develop policies and procedures to ensure that procurement personnel properly maintain contract files as defined by the FAR, including documents that show the basis used to determine price reasonableness as well as documents regarding any other contracting decisions.

FEMA concurs with this recommendation and will work to ensure that procurement personnel adhere to documentation requirements outlined in the FAR.

Recommendation 8: Undertake the following actions: (1) determine the appropriate number of contracting professionals and experienced COTRs required to meet sheltering and transitional housing needs occurring after a catastrophic disaster; (2) continue to hire experienced contracting professionals to monitor and oversee housing contracts awarded in a disaster environment; (3) promulgate specific guidance emphasizing the authority and responsibility of contracting officers and COTRs qualified to perform housing acquisitions, and (4) include provisions for the training of contracting officers and COTRs functioning in catastrophic disaster environments.

FEMA concurs with recommendations: (1). FEMA continues to learn valuable lessons from our ongoing disaster response operations and continues to focus on right-sizing our contract oversight operations in the field. FEMA concurs with recommendation (2). Since Katrina struck the gulf coast, FEMA has increased its professional acquisition staff from approximately 35 to 118. In addition, FEMA's Disaster Assistance Directorate created the IA-TAC Program Management Office, which oversees contractor support for FEMA's housing and sheltering operations. This Office is staffed with several DHS certified Program Managers and approximately 40 DHS certified COTRs. FEMA also concurs in part to recommendation (3) to the extent that additional specific guidance emphasizing the authority and responsibility of contracting officers and COTRs is needed.

FEMA concurs, in part, with recommendation (4), after a determination of how existing training needs can be modified to address catastrophic disasters.

Recommendation 9: Develop explicit criteria for what a temporary housing site should include, as well as criteria for how appropriate sites are selected for development.

FEMA concurs with the need to develop explicit criteria that will govern the group site selection and construction process. At the same time, the selection of group site locations is heavily influenced by state, local, and environmental factors that are beyond FEMA's control. State and Local governments lead the initial identification of potential sites, and must concur with the use and development of a group site location. The site identification process requires that these influences are coordinated and balanced to the greatest extent possible. In order to facilitate this process, FEMA is pursuing the development of a policy document that will outline site identification considerations, such as cost and the proximity to services and the affected area.

In addition, FEMA has requested that the National Advisory Council (NAC) issue recommendations that will be used to establish a standard list of facilities and services to be included in FEMA group sites. This includes the delivery of infrastructure and additional social services to affected residents living on temporary housing sites that go beyond a physical need for housing. Specifically, the NAC has been asked to identify appropriate, required, wrap-around services, identify the responsible agency or entity (federal, state, local, or voluntary) for required services that FEMA does not have the authority to provide, how the services should be funded, and the effect of the services in relation to motivating more permanent solutions.

Lastly, any housing units donated to a third party for the purposes of housing disaster victims will be governed by FEMA's Interim Policy 9455.1, Temporary Housing Unit Donations.

Recommendation 10: Institute an oversight program that ensures Individual Assistance Technical Assistance Contractors identify and select eligible temporary housing sites for disaster victims.

Oversight currently exists through the Individual Assistance Branch of the Joint Field Office, which is responsible for identifying and selecting eligible temporary sites. The IA-TAC supports the identification of eligible sites but only with direct management of JFO Individual Assistance Branch.

Recommendation 11: Work with state and local governments to develop policies, plans, procedures, and processes to identify and set up group and

individual temporary housing sites that accommodate specific or special needs of victims prior to disasters.

FEMA concurs, and is working closely with States, tribal governments, counties and independent municipalities on a Gap Analysis planning initiative that includes the pre-disaster identification of housing resources, including rental units and potential group site locations. Several FEMA Regions are currently working with state and local partners to pre-identify group site locations under this initiative and have included special needs considerations as part of their planning process.

FEMA has also developed related policy guidance: FEMA's Interim Policy # 9452.1, Temporary Housing Units for Eligible Disaster Victims with a Disability. The purpose of this policy is to ensure that FEMA provides temporary housing units on sites that can accommodate the specific and special needs of disaster victims and outlines the agency's adoption of the Uniform Federal Accessibility Standards (UFAS) established under the Architectural Barriers Act. In addition, this policy establishes target inventory levels of units designed to incorporate UFAS specifications, as well as set asides for accessible units and pads within FEMA constructed group sites.

Recommendation 12: Develop policies and procedures requiring that (1) all travel trailers and mobile homes are properly inspected/accepted upon receipt, (2) inspection/acceptance documentation is retained, and (3) maintenance and repair costs, including the costs of parts claimed by contractors, are monitored and warranties enforced.

FEMA concurs and has implemented a stringent Quality Assurance/Quality Control program for the procurement of new temporary housing units. The manufacturer is required to conduct a "station by station" check of each unit and make any necessary repairs before going to the next station. Once constructed, the manufacturer conducts a whole unit test and fixes any repairs required by the inspection. Also, FEMA will have a qualified technical monitor (TM) on-site for the duration of the contract and until the last unit is constructed. The TM will monitor each unit from start to finish ensuring no errors are found. If any error is found, the manufacturer is responsible to bring the unit into compliance or the government is not responsible or obligated to purchase the unit. Once the TM signs off on the unit, stating it meets the required specifications and the unit is functional, the unit is transported to a long term staging site. At this stage, a staff member from the Logistics Management Directorate (LMD) inspects the unit for road damage. If damage is found, the

manufacturers are responsible for repairing the unit on location or replace the unit with an additional unit at no expense to the government.

All inspection documentation is maintained within FEMA's Logistics Management Directorate.

Manufacturer's warranties are reviewed throughout this inspection and acceptance process to ensure comprehensive understanding of terms and conditions and prevent duplication of benefit or unnecessary spending on the part of FEMA. In a catastrophic disaster environment, a cost benefit analysis of enforcing manufacturer warranties must be evaluated against the urgent and compelling need to provide immediate housing solutions.

Recommendation 13: Determine whether Individual Assistance Technical Assistance Contractors made repairs that should have been reported to the manufacturers at the time of acceptance/inspection and, whenever applicable, covered under the implied warranty clause, and seek reimbursement from the contractors or manufacturers as appropriate.

While FEMA agrees that repair requirements should have been reported to the manufacturers and covered by warranty, FEMA does not concur with the recommendation to seek, at this late date, reimbursement from Katrina contractors or manufacturers for minor repairs performed by IA-TAC contract personnel, believing that such an effort would be cost-prohibitive. However, as a remedy for future procurements of temporary housing units, FEMA has instituted a stringent Quality Assurance/Quality Control process that will identify and correct discrepancies of units prior to acceptance at the manufacturing facilities. At this time FEMA is completing 100% inspection of all newly procured units and requiring all discrepancies be corrected prior to acceptance.

Appendix D
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